



A SPECIAL MEETING

THE MONT PELERIN SOCIETY

1980 | 2020

JANUARY 15–17, 2020

FROM THE PAST TO THE FUTURE: IDEAS AND ACTIONS FOR A FREE SOCIETY

CHAPTER THIRTY-SIX

TAKING IDEAS TO ACTION IN CENTRAL GOVERNMENTS—THE US CASE TYLER GOODSPEED



Taking Ideas to Action in Central Governments

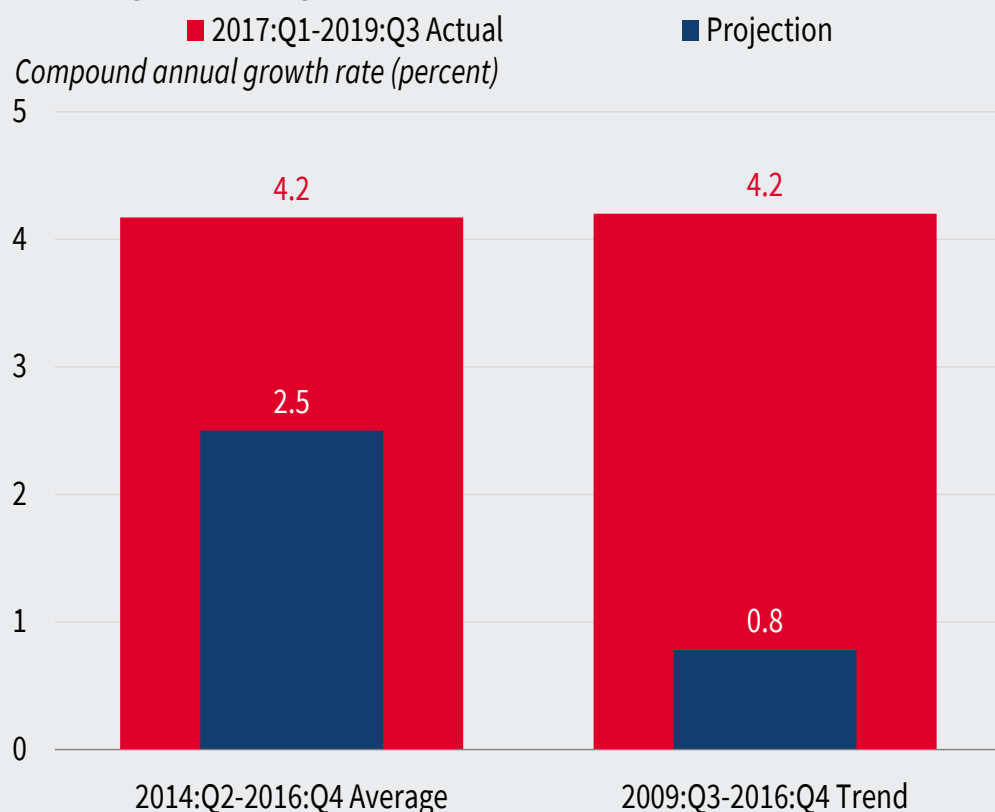
Tyler B. Goodspeed, Council of Economic Advisers *

Mont Pelerin Society, Hoover Institution

January 2020

Investment and capital stock have risen.

Growth in Real Nonresidential Fixed Investment, 2017:Q1-2019:Q3

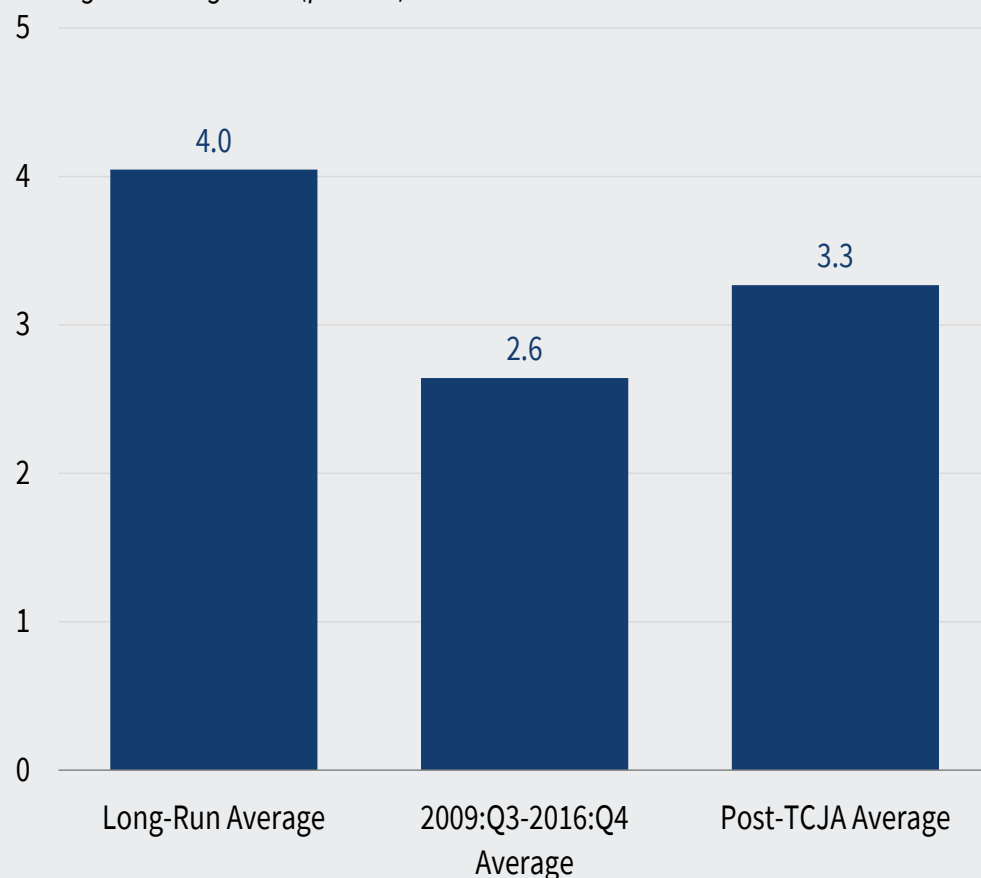


Sources: Bureau of Economic Analysis; Council of Economic Advisers, Author's calculations.

Note: The pre-2017 trend is estimated over a sample from 2009:Q3 through 2016:Q4 and projected into 2017-2019.

Growth In Capital Services, 1966-2019

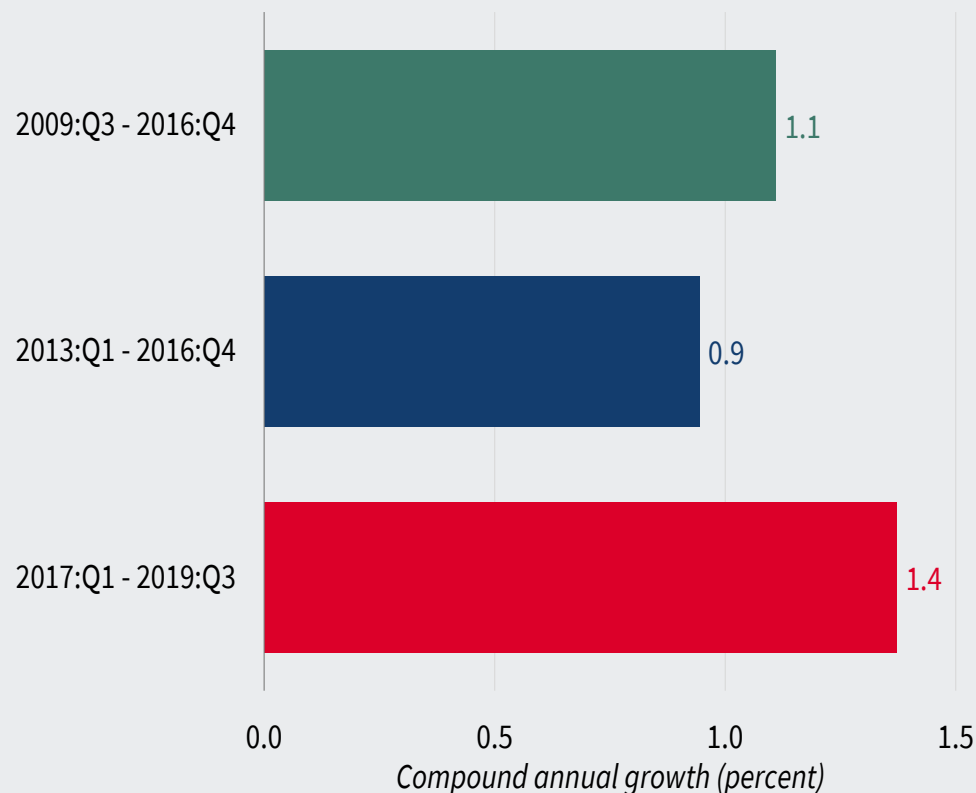
Average annual growth (percent)



Source: IHS Markit, Council of Economic Advisers.

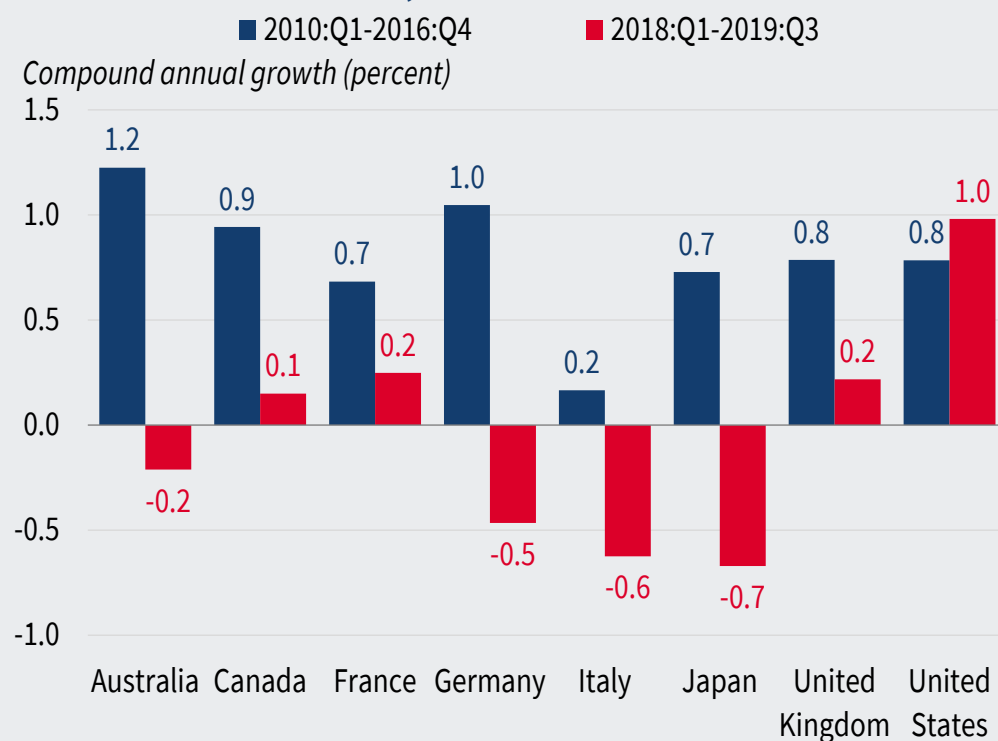
Labor productivity has accelerated.

Nonfarm Business Sector Labor Productivity Growth, 2009–2019



Sources: Bureau of Labor Statistics; Council of Economic Advisers, Author's calculations.
 Note: Annual growth rate is calculated for real output per hour of all persons in the nonfarm business sector.

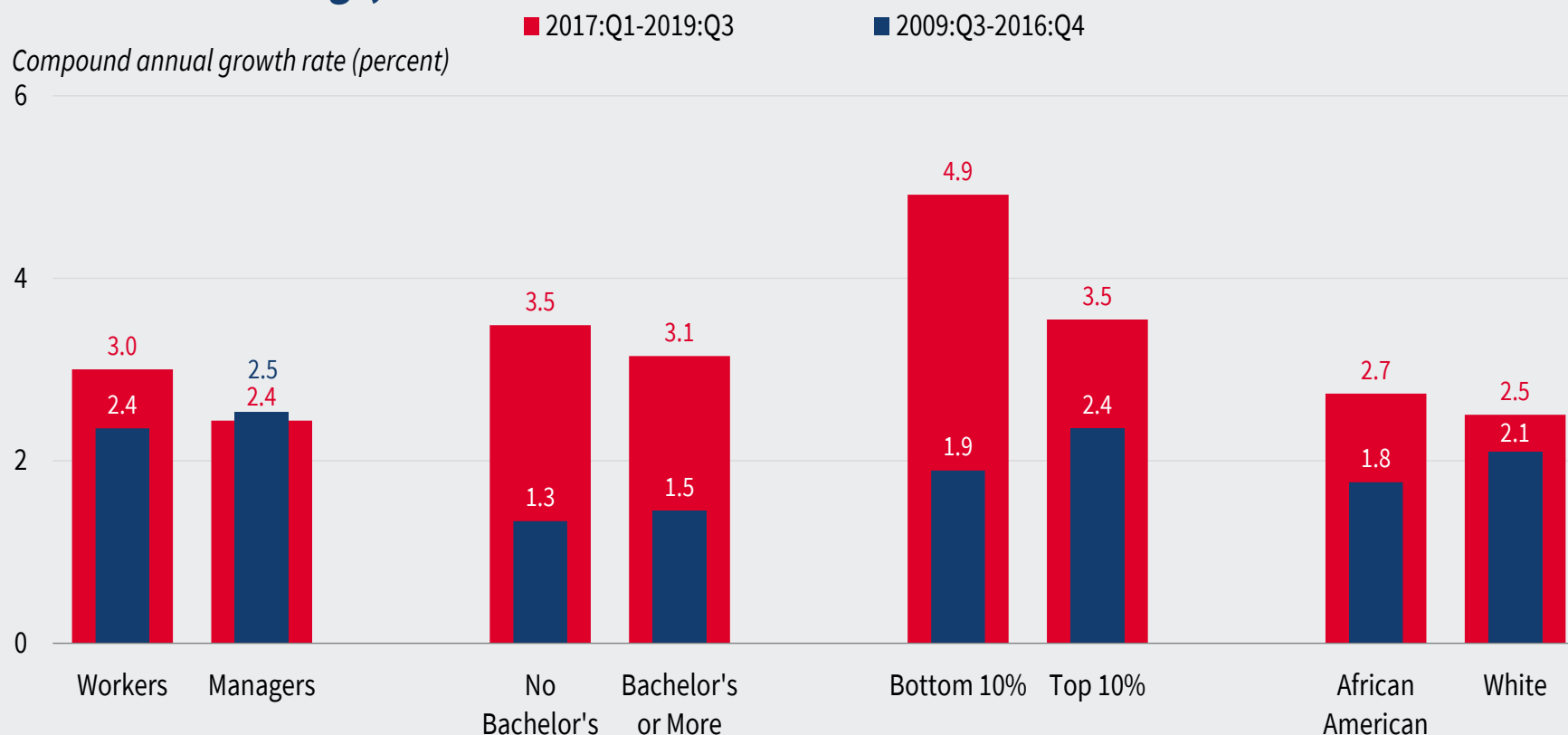
Growth in Real Output per Employed Person Among Advanced Economies, 2010–19



Sources: Various national statistics offices; Bureau of Economic Analysis; Bureau of Labor Statistics; Haver Analytics; Council of Economic Advisers, Author's calculations.
 Note: Values represent a compound annual growth rate calculated over the given quarters. Growth rates are based off of real GDP divided by seasonally adjusted employment. Employment includes government employees.

Wage gains concentrated among recently more marginal workers.

Growth in Earnings, 2009–19

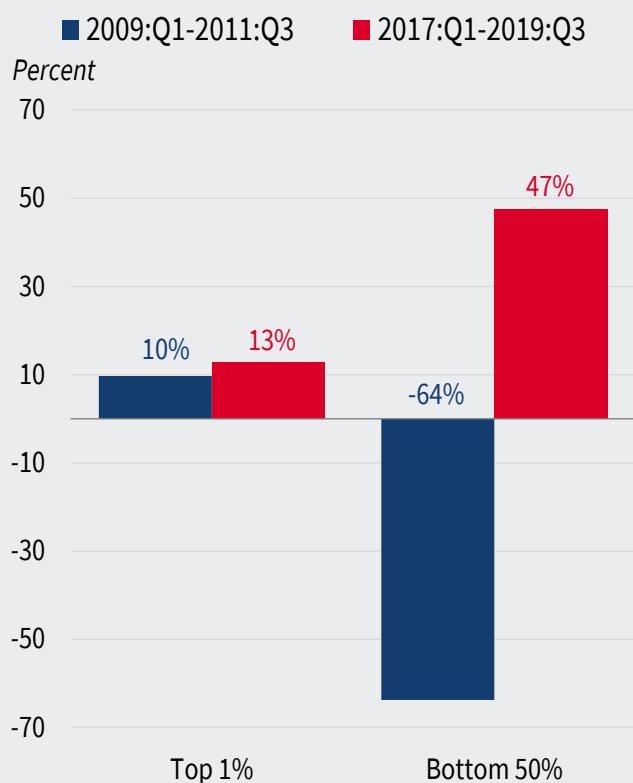


Sources: Bureau of Labor Statistics; Council of Economic Advisers, Author's calculations.

Note: Data represent a compound annual growth rate for 2009:Q3–2016:Q4 or July 2009–December 2016 and 2017:Q1–2019:Q3 or January 2017–November 2019. For workers and managers, earnings are defined as average weekly earnings. For all other categories, earnings are defined as median usual weekly earnings.

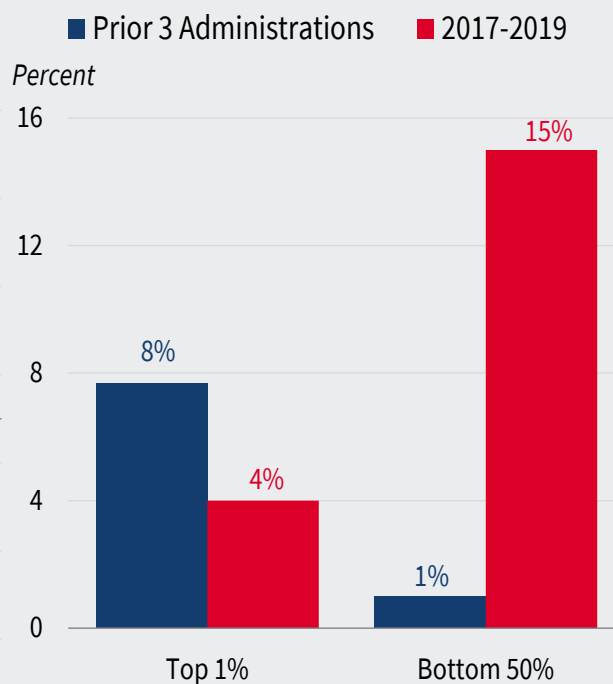
Recent wealth gains higher at lower end of the distribution.

Change in Real Net Worth in the First 11 Quarters



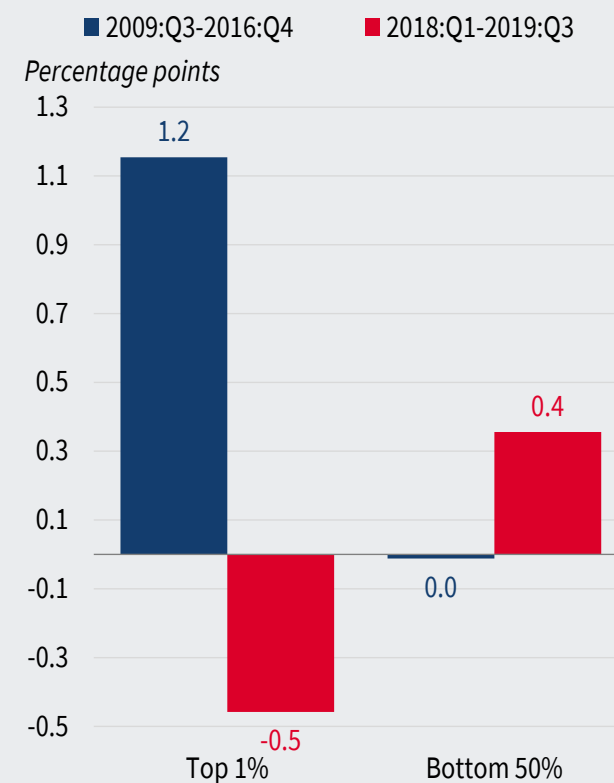
Sources: Federal Reserve, Bureau of Economic Analysis, Council of Economic Advisers, Author's calculations.

Growth in Real Net Worth of the Bottom 50 Percent



Sources: Federal Reserve Board; Bureau of Economic Analysis; Council of Economic Advisers, Author's calculations.
Note: The blue bar represents the average annual growth across previous administrations' expansion periods. The red bar represents annual growth from 2017:Q1 to 2019:Q3.

Change in Share of Net Worth, 2009-19

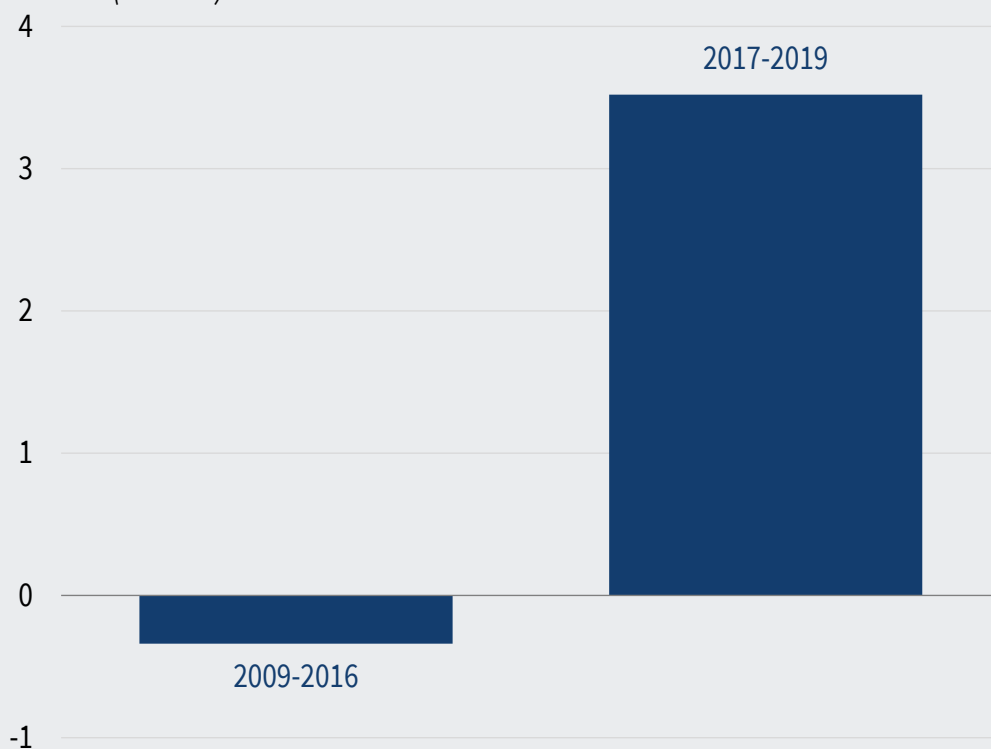


Sources: Federal Reserve, Bureau of Economic Analysis, Council of Economic Advisers, Author's calculations.

Observed labor market strength exceeds expectations.

Contraction vs. Expansion of Working Age Labor Force, 2009:Q3–19:Q4

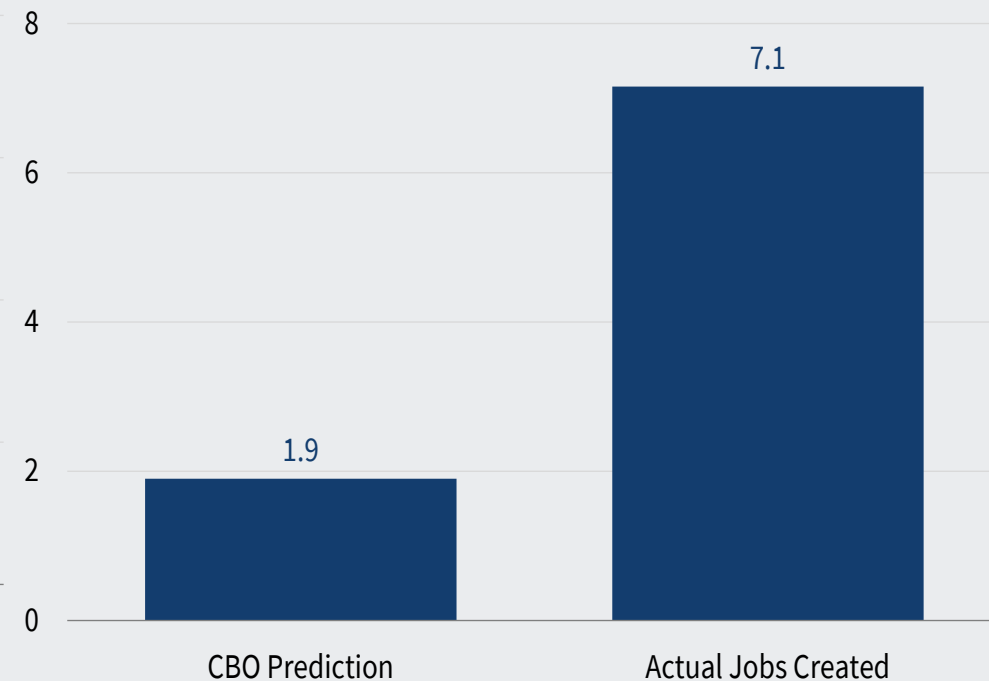
Persons (millions)



Sources: Bureau of Labor Statistics, Council of Economic Advisers, Author's calculations.

Predicted vs. Actual New Jobs, 2016:Q4–2019:Q4

Jobs (millions)



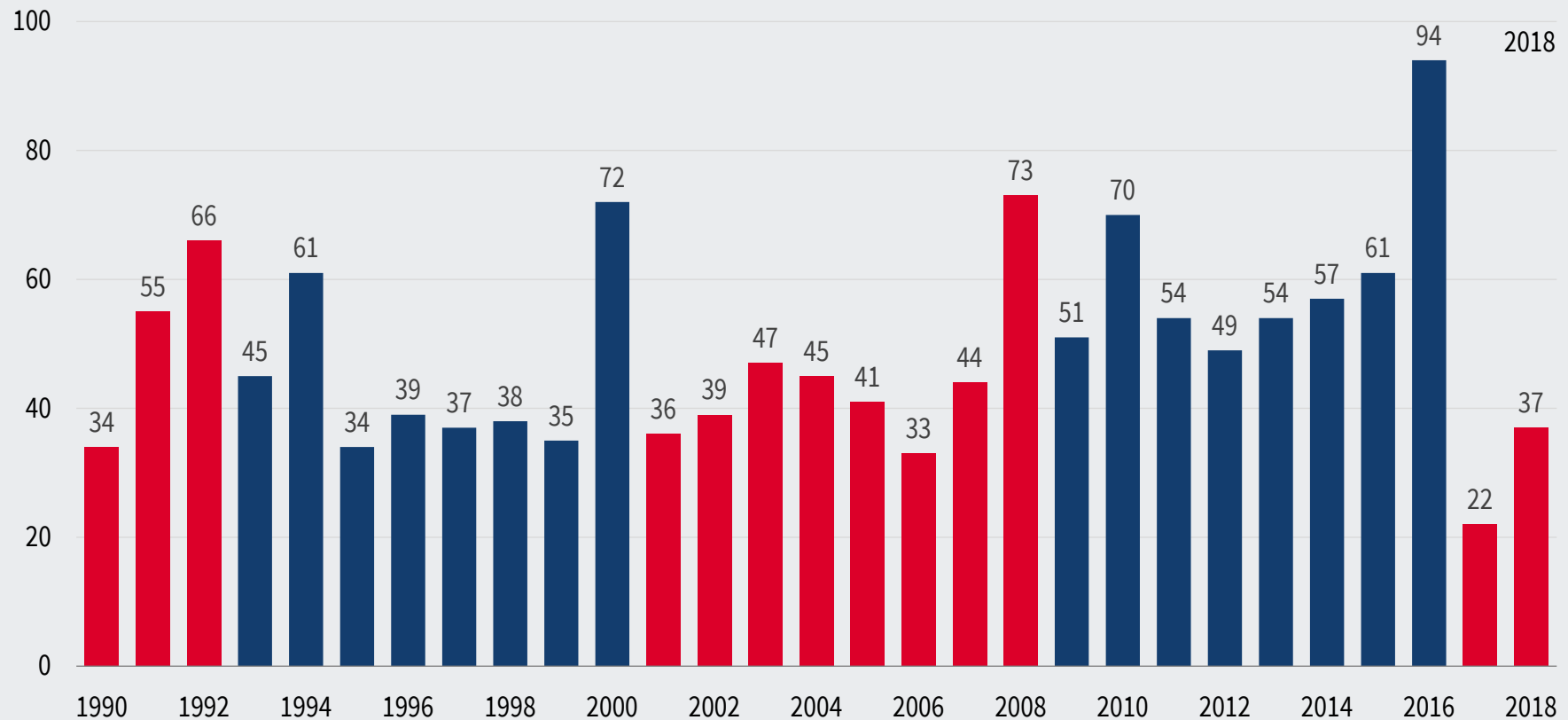
Sources: Congressional Budget Office, Bureau of Labor Statistics, Council of Economic Advisers, Author's calculations.

Note: CBO projection represents the final pre-election forecast made in August 2016.

Between 1990 and 2016, the Federal government added an average of 50 economically significant regulations each year.

Economically Significant Regulations by Presidential Year, 1990–2018

Number of Rules



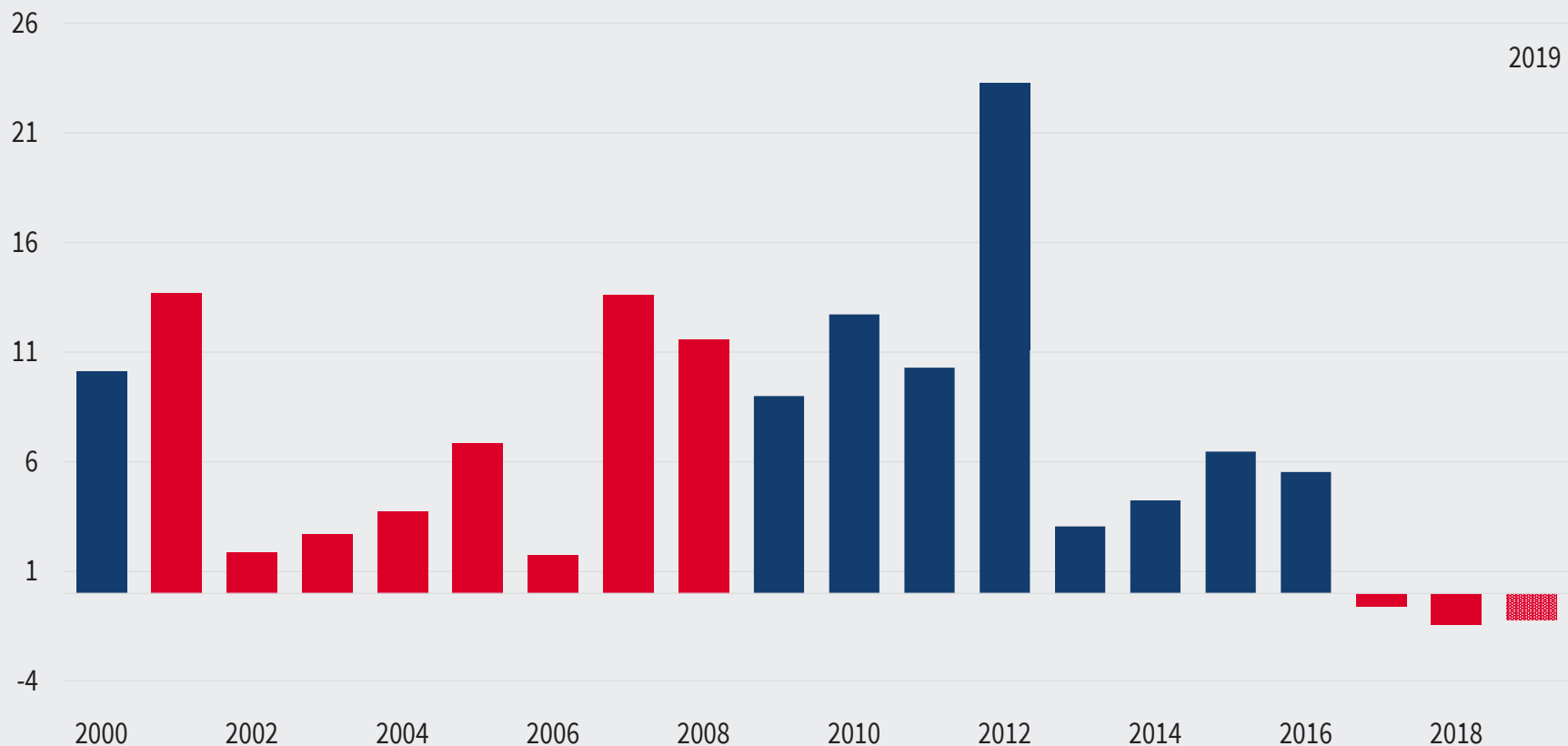
Sources: reginfo.gov; George Washington University Regulatory Studies Center.

Note: Presidential years begin in February and end in January of the following year. The 2018 final rule count is to date as of September 11, 2019. Rule counts for 2017 and 2018 exclude rules considered deregulatory actions. Prior to 2017, we estimate approximately one deregulatory action per year.

New regulations added regulatory costs each year from 2000–2016.

Real Annual Costs of Major Rules, Fiscal Year 2000–19

Dollars (billions, 2017)



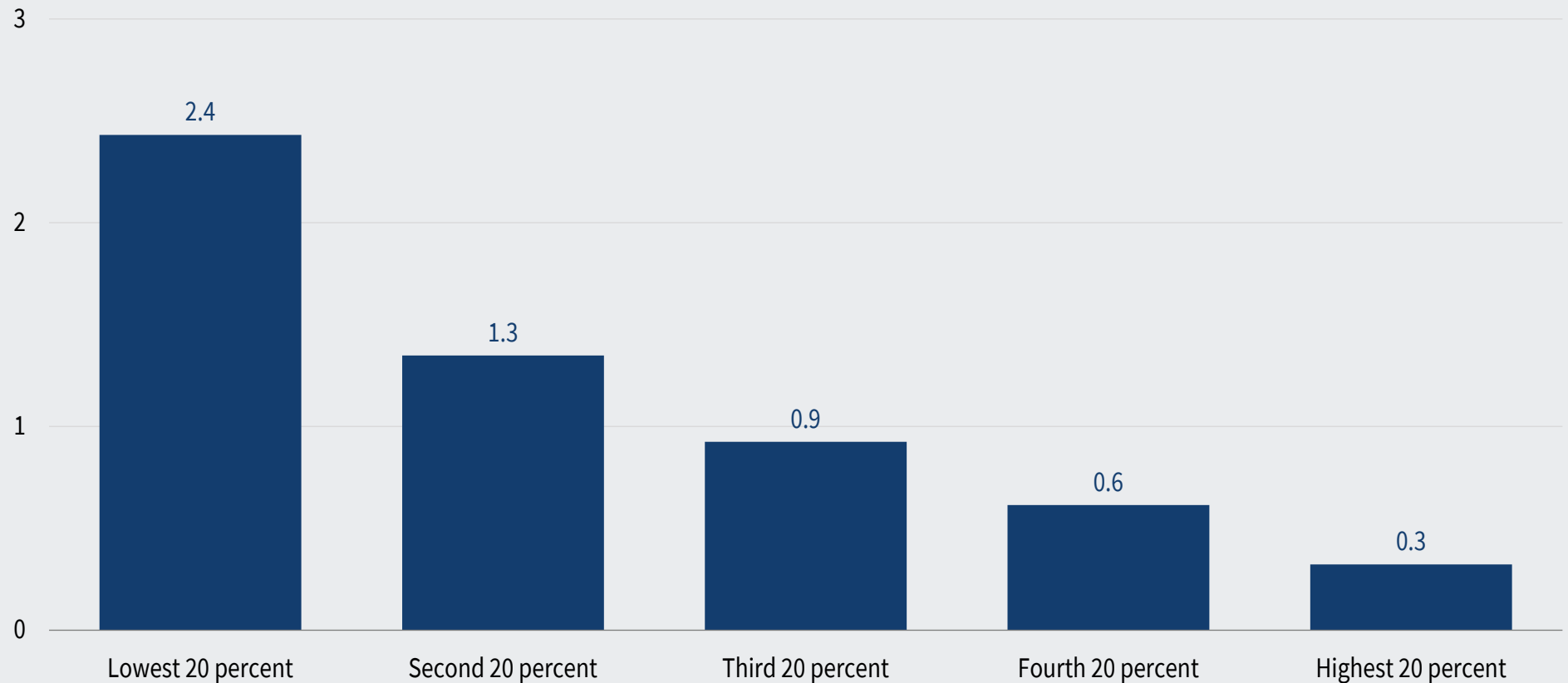
Sources: OIRA Reports to Congress; Council of Economic Advisers.

Note: Calculations based on the cost estimates for years 2000 through 2016 from the most recent OIRA Report to Congress with an estimate for that year, combined with the reported annualized regulatory cost savings for 2017–2019. Negative costs indicate cost savings. Annual cost estimates include all major rules for which both benefits and costs have been estimated.

Progressive deregulation.

Consumer Savings on Prescription Drugs and Internet Access by Household Income Quintile

Share of income (percent)



Sources: Bureau of Labor Statistics; Bureau of Economic Analysis; Council of Economic Advisers, Author's calculations.

Note: Values represent CEA's estimates of consumer savings as a share of their income which applied Consumer Expenditure Survey's quintile and expenditure data to national income data.

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TYLER GOODSPEED

COUNCIL OF ECONOMIC ADVISERS

Tyler Goodspeed currently serves as a member of the Council of Economic Advisers. He was formerly a junior fellow in Economics at the University of Oxford, and a lecturer in Economics at King's College London. His primary research and teaching fields are economic and financial history, with secondary interests in political economy.

Prior to earning his PhD from Harvard University in 2014, he received his AB from Harvard summa cum laude in 2008 and from 2008 to 2009 was a Gates Scholar at the University of Cambridge. His second book, *Legislating Instability*, examines the effects of unlimited liability and regulatory capture on financial stability in “free banking” Scotland. He also has a recent book, *Famine and Finance*, on the market for small loans during the Great Famine of Ireland, as well as companion articles in the *Journal of Development Economics* and *World Bank Economic Review*.

Goodspeed's current research focuses on eighteenth- and nineteenth-century British and North American economic history, with particular attention to informal banking and the political economy of financial regulation, as well as long-run economic development. In his first book, *Rethinking the Keynesian Revolution*, he analyzed the debates between John Maynard Keynes and Friedrich Hayek, considering the relevance of those debates to contemporary monetary economics.

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